



City of  
**ROLLING  
MEADOWS**

3600 Kirchoff Road  
Rolling Meadows, Illinois 60008  
Phone 847.394.8500  
[www.cityrm.org](http://www.cityrm.org)

## Citizen's Annual Financial Report

### Fiscal Year Ended December 31, 2017

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#### Citizens of Rolling Meadows,

The City of Rolling Meadows is pleased to present the City's sixth Citizen's Annual Financial Report for the Fiscal Year ended December 31, 2017. This report provides a brief analysis of where the City's revenues come from and how those dollars are spent, as well as trends in the local economy.

The information in this report is based on the City's 2017 Comprehensive Annual Financial Report (CAFR) which represents the City's official audited financial statements. The City's official financial statements received a favorable opinion from its independent auditors affirming that the financial statements are fairly presented in conformity with generally accepted accounting principles.

Every year since 1985 the City has received the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association (GFOA). This achievement, along with the creation of this Citizen's Financial Report reflects the City's strong commitment to fiscal accountability and integrity.

We are pleased to announce that the Government Finance Officers Association (GFOA) has given an Award of Outstanding Achievement in Popular Annual Financial Reporting to the City of Rolling Meadows for its Popular Annual Financial Report for the fiscal year ended December 31, 2016. This prestigious, national award recognizes the City for conforming to the program's standards of creativity, presentation and usefulness to the reader.

We hope upon reading this report, you will have greater insight into the City's financial condition. If you have any questions or comments regarding information in the document, or any City financial report, please contact Finance Director, Melissa Gallagher at 847.870.9041.

Sincerely,

Barry Krumstok  
City Manager

#### Rolling Meadows Fast Facts

Population	24,639
Per Capita Personal Income	\$33,722
Total Taxable Assessed Value (2016 Levy)	\$793,403,535
Fiscal Year 2017 Expenses	\$31.7 million
Fiscal Year 2017 Revenues	\$50.5 million
City Full Time/Part Time/Seasonal Employees	159 FT / 20 PT
City Outstanding Bonded Debt	\$4,805,000
City Bond Rating	Aa3 from Moody's AA+ from Standard & Poor's



## General Information

The City of Rolling Meadows is located in northwest suburban Cook County, 27 miles from downtown Chicago, Illinois.

The City operates under a city manager form of government. The city manager administers the City's day-to-day operations. The legislative authority of the City is vested in a seven-member council, each elected from their respective wards. The Mayor and City Clerk are elected at large. Each alderman and the mayor serve staggered, four-year terms with term limits. The public voted by referendum to eliminate the elected city treasurer's position in 2006, and subsequently those duties were assigned to the Finance Director.

The City provides a full range of municipal services including public safety, public works, planning and zoning, community development, finance and general administration.

## Elected Officials

(As per December 31, 2017)

Mayor	Len Prejna
City Council:	
Ward 1	Mike Cannon
Ward 2	Nick Budmats
Ward 3	Laura Majikes
Ward 4	Joseph Gallo
Ward 5	Rob Banger, Jr.
Ward 6	John D'Astice
Ward 7	Tim Veenbaas

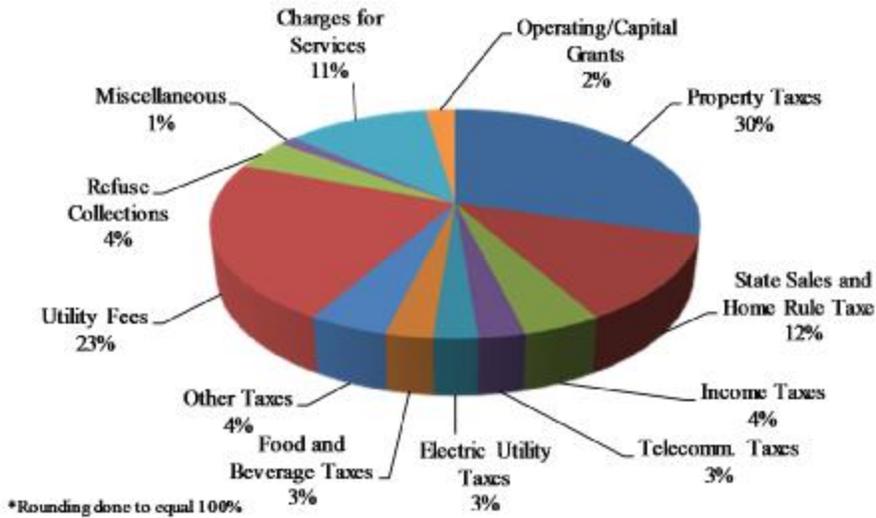
## Local Economy

The area economy is showing positive signs with some upward trends in the areas of sales tax, income tax, use tax and hotel taxes. However, some items show while there have been some slight upward trends, there have been some unanticipated, one-time revenues such as real estate transfers, building permits and red light fines. The City's unemployment rate as of December 2017 was 5.0%.

Rolling Meadows is centrally located and enjoys excellent regional transportation connection. Approximately, 290,000 people live within five miles of downtown Rolling Meadows (Kirchoff Road) and another 149,000 work within that area.

The City actively pursues economic development activities in an effort to expand and diversify its revenue base and ultimately secure the financial health of the organization and community. *The City experienced increased economic activity, expansion of existing businesses and development interest in the City of Rolling Meadows*, punctuated by continued building permit activity (both residential and commercial) and building improvement valuation.

## 2017 Revenues - \$50,570,300



**FAST FACTS:**

- The City reported a 2.87% (\$247,812) decrease in sales tax/home rule sales tax and income tax from FY 2016.
- The City’s revenue base continues to be diversified, with only 30% originating from property taxes.

*Property Taxes*

Taxes collected from property owners based upon assessed valuation and tax rate (includes the police and firefighters’ pension funds).

\$14,931,202

*State Sales and Home Rule Taxes*

Sales tax is imposed on a seller’s receipts from sales of tangible personal property for use or consumption. The current rate consists of the State of Illinois Rate (6.25%), Cook County Rate (0.75%), Regional Transportation Authority Rate (1.0%) Local Sales Tax to the City (1.0%) and the City of Rolling Meadows Home Rule Rate (1.0%) for a total sales tax rate of 10.00%.

6,210,667

*Income Taxes*

The City receives a portion of the state income tax receipts based on a per-capita basis.

2,189,384

*Telecommunication Taxes*

The City receives a portion of taxes imposed on telecommunication services such as telephone services, two-way communications, cellular telecommunications and other transmission of messages.

1,317,282

*Utility Fees*

The City provides water, sewer and stormwater services. Each component has a separately determined user fee and funding mechanism related to delivering water from Lake Michigan and maintaining the underground utility system.

11,413,154

*Refuse Collections*

The City provides refuse services, which has a separately determined user fee and funding mechanism related to delivering refuse services.

2,194,628

*Charges for Services*

Includes licenses and permit fees, ambulance fees, fines and forfeitures, including red light enforcement, and other miscellaneous charges for services.

5,690,212

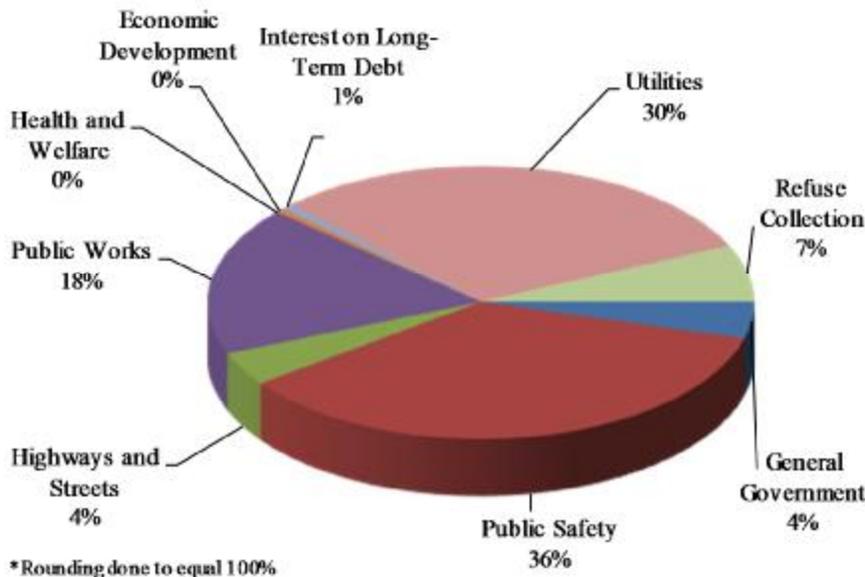
*All Other Revenue Sources*

Includes electric utility taxes, food and beverage taxes, real estate transfer taxes, hotel taxes, local use taxes, replacement taxes, interest income, miscellaneous revenue and operating/capital grants.

6,623,771

\$50,570,300

## 2017 Expenses - \$31,660,654



**FAST FACTS:**

- The City’s expenses decreased from 2016 due to effects of the net pension liabilities/deferred items for the City’s pension funds.
- Public safety expenses account for 36% of total expenses of the City.

*General Government*

Includes administrative services (mayor, council, human resources, city clerk, finance, etc.) and community development services. \$1,354,511

*Public Safety*

Includes police and fire services (nearly 24% of total are police and fire pension expenses). 11,271,148

*Highways and Streets*

Includes the operations of the City’s annual motor fuel tax program, including snow and ice control and other capital outlay. 1,253,252

*Public Works*

Includes public works administration, buildings and grounds, forestry and streets services. 5,614,464

*Health and Welfare*

Includes museum, emergency planning, employee wellness, board of fire and police and urban affairs services. 6,121

*Economic Development*

Includes services related to the operation of the City’s TIF Districts. 160,526

*Interest on Long-Term Debt*

Includes interest costs on all City governmental long-term debt, including general obligation bonds and capital leases. 221,075

*Utilities*

Includes water, sewer and stormwater services. 9,601,362

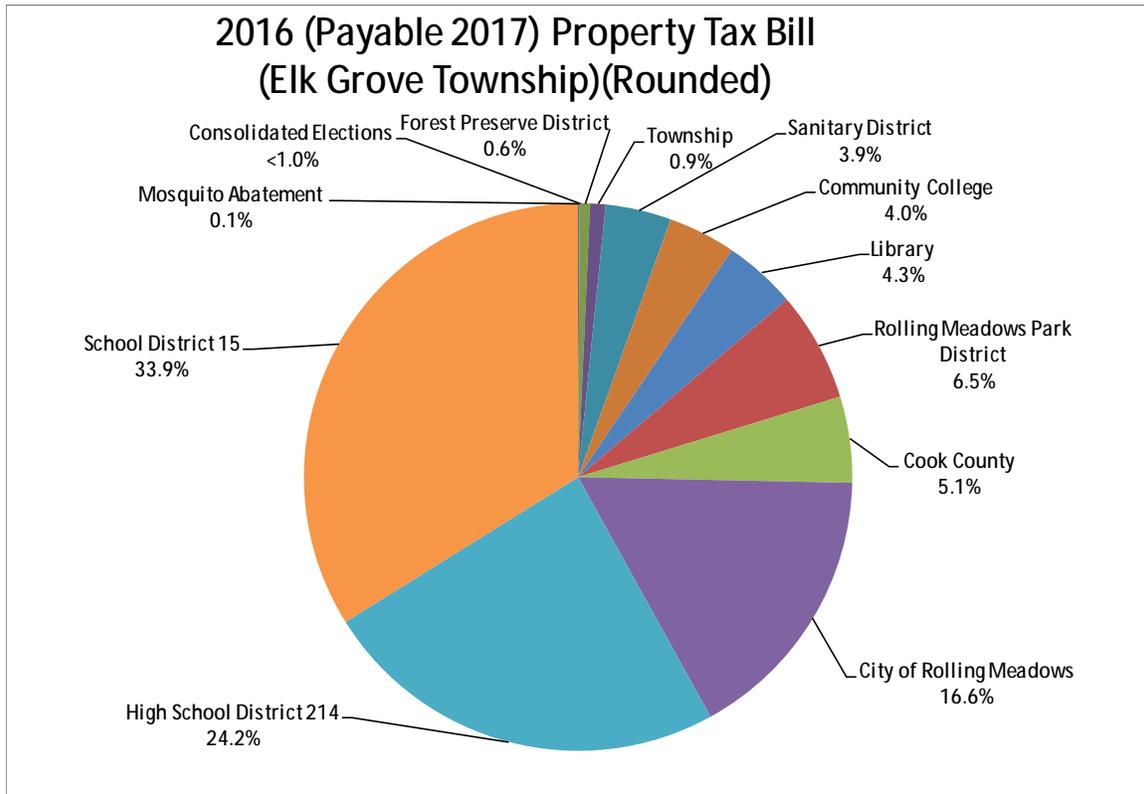
*Refuse Collection*

Includes refuse collection services. 2,148,195

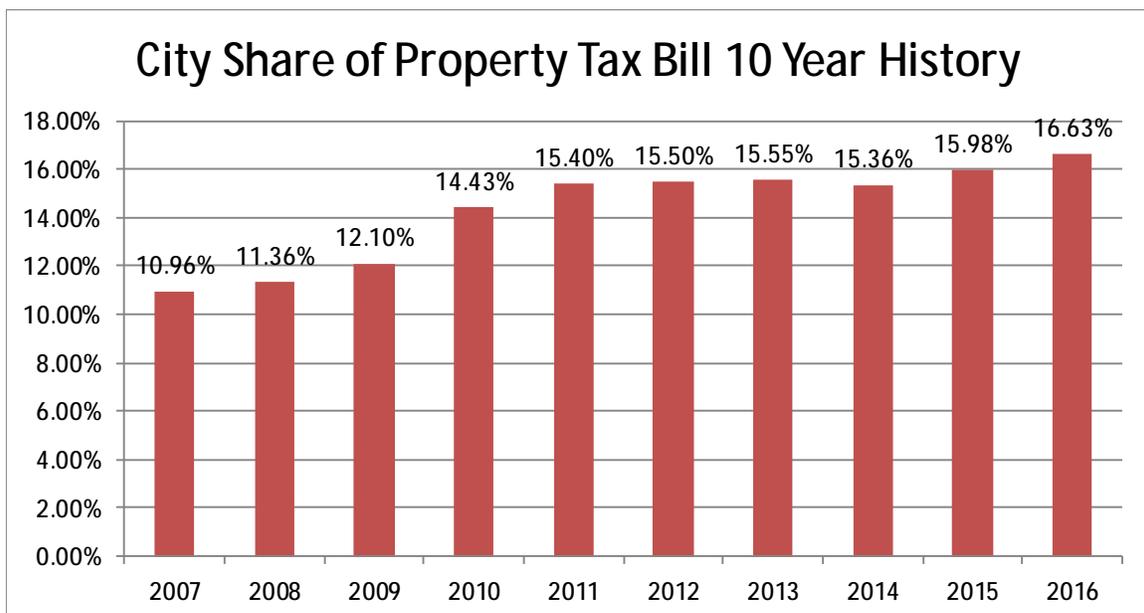
\$31,660,654

## Where Do My Property Taxes Go?

Every dollar of property tax paid by Rolling Meadows citizens is divided among many taxing districts. This year the City portion of the typical tax bill for a Rolling Meadows property owner was 16.6% including the Pension Funds (Elk Grove Township) (Rounding differences may occur).



The chart below shows the City’s share of the average property tax bill (Elk Grove Township) for the last ten tax levy years. The City’s share includes the police and firefighters’ penion funds.



## Financial Health of Rolling Meadows and Long-Term Financial Planning

In order to insure that the City continues to meet its immediate and long-term service goals, several financial policies and procedures have been implemented by management. Highlighted are some of the more pertinent policies that the City followed in fiscal year 2017:

- Issued a Comprehensive Annual Financial Report within 180 days of the end of each fiscal year that complies with generally accepted accounting principles.
- The Ad-Hoc Capital Improvements Committee continues to review capital projects and offer recommendations for long-term capital improvements.
- The City is committed to rebuilding fund balance reserves and has eliminated negative fund balances and has made significant progress to that end. TIF #2 (Kirchoff/Owl) holds a negative fund balance position and is estimated to become positive by the end of its TIF term in 2025.
- The City adopted a Fund Balance Policy for the General Fund in FY 2014 which the City shall strive maintain a General Fund Unassigned Balance (available) from 15% to 30% of General Fund operating expenditures. The City will review this policy on an annual basis.
- In FY 2015, the City Council adopted a Fund Balance Policy for the Refuse Fund which the City shall strive to hold an amount known as Current Net Position ranging from 30% to 50% of the Refuse Fund's operating expenditures. The City will review this policy on an annual basis.
- In FY 2016, the City Council adopted a Fund Balance Policy for the 911 Fund to strive to hold between one to one and half times the annual expenditures for the 911 Fund. The City will review this policy on an annual basis and will prepare for a large capital purchase that all Northwest Central Dispatch communities are dealing with in the near future.
- Posted on the City's website employees' salary and benefit data, as a continued transparency initiative (providing this data since 2011).
- As required by Public Act 97-0609, the City posted employee compensation data for Illinois Municipal Retirement Fund (IMRF) employees who are expected to receive compensation greater than \$75,000. The City took this mandate one step further, to enhance transparency, and published this data for all employees.
- Staff and the City Council discussed long-range financial planning in 2011 and 2012 during its budget discussions. One of the goals discussed was reviewing the City's outstanding debt. In 2012, the City refunded nearly \$10 million worth of general obligation bonds to save taxpayers approximately \$750,000 over the next 12 years. [In 2013, the City refunded general obligation bonds to maximize its interest savings over the long-term.]
- Prepared and reviewed monthly revenue, expenditure and cash balance reporting for all funds with particular focus on the General Fund to the City Council. These financial reports ensure that the City Council is made aware of any variances from the appropriated budget. (The budget document continues to be revised and made easier to understand.)
- Adhered to a capitalization policy which establishes the capitalization thresholds and estimated useful lives of fixed assets.

- Mid-year prior to the presentation of the proposed budget, the City prepares a five-year capital plan with a five-year financial forecast which outlines management's intentions regarding capital asset purchases and infrastructure improvements.
- Followed a purchasing policy to ensure that goods and services are obtained in a timely manner at the lowest possible cost.
- Followed a written credit card policy for all business-related credit card purchases. Employees must sign a credit card policy agreement prior to a city-issued credit card may be issued.
- Adhered to an investment policy which invests public funds in a manner which protects principal, maximizes return for a given level of risk and meets the daily cash flow needs of the City.
- In June, the City complied with the state-mandated annual treasurer reporting requirements. The report is published in a local newspaper and posted on the City's website at [www.cityrm.org](http://www.cityrm.org) under the Finance Department page.



*A Great Place to Call Home*

## Major Initiatives – Economic Development

*Economic Development continues to be a priority* for the City of Rolling Meadows. Rolling Meadows is known as a business-friendly community and has a reputation as a “Great Place to Do Business”. In FY 2017, there were higher-profile successes across the City:

Large commercial insurance broker **Arthur J. Gallagher Insurance’s** arrival in 2017 represented the latest in a string of economic development activities that have transformed the Golf Road corridor over the last five years. **Arthur J. Gallagher Insurance** moved its headquarters from Itasca to Rolling Meadows in 2017. The large insurance company invested more than \$85 million to upgrade buildings, garages, roadways and landscaping in the Meadows Corporate Center (2850 Golf Road) relocating 2,000 employees to this new location. The City approved the Golf Road Tax Increment Financing District (Golf Road TIF #4) in FY 2015 which provides a shortened TIF term of 15 years to help finance the redevelopment costs of the area.

Chicago-based Lexington Homes broke ground in 2015 for a planned 54-unit townhome development at 3245 Kirchoff Road (former AMF Bowling Center). Known as **Lexington Crossing**, the development features a mix of two- and three-bedroom townhomes. The development has started to show some positive effects on the boosting the downtown area’s residential population and enhance the economic development of the area. The development is completed and the 54 townhomes are all, owner-occupied.

In FY 2016, at 3000 Kirchoff Road, the Jewel-Osco completed a half million dollar remodeling project which included a Starbuck’s Coffee and seating area. This redevelopment spurred other change for the retail establishments in the Rolling Meadows Shopping Plaza.

In FY 2017, at that same shopping plaza, Anytime Fitness (3256 Kirchoff Road) opened their doors as a 24-hour gym and fitness center.

As part of the continued economic development on Kirchoff Road, a new restaurant is scheduled to open in FY 2018 called Rep’s Place, Sports, Burgers & Beers at 3200 Kirchoff Road. This 2,000 square foot restaurant/bar between Jewel-Osco and Dollar Tree will be a central meeting spot for the downtown area and will be locally owned and operated.

As part of the City’s commitment to funding local roads between the Annual Street Program, ongoing repairs and maintenance and grant reimbursed projects, the City spent approximately \$1.5 million (approximately \$1.1 million on the Annual Street Program and the remainder on various other projects). The Annual Street Program resurfaced over 1.2 miles of local streets.

For 2018, the City will enhance and expand its economic development activities:

- The City is planning a spring local business expo to encourage business-to-business networking and help residents learn more about companies.
- The City is planning to publish a quarterly business newsletter that will be mailed to businesses and may be downloaded from the City’s website.
- The City will be actively involved with the regional collaboration, Next Level Northwest (NLNW).
- The City of Rolling Meadows will contract with a professional services firm to update City’s Comprehensive Plan (the previous update was performed in FY 2006). The focus of an update to this policy document is to establish a vision of how the community wants to grow and develop.
- The City Council will be reviewing a proposal that would provide restaurants with financial incentives to establish full-service restaurants in the City.

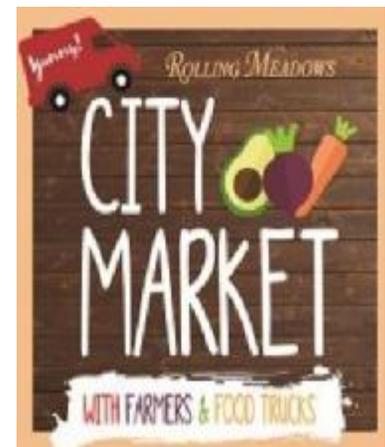


One of the key economically vibrant areas in the City is along the Golf and Algonquin Road Corridor. Currently, the City has been in talks with multiple restaurants and businesses to move into various properties. Listed below are a few of the new items for this area:

- Arthur J. Gallagher Co. recognized as one of “America’s Best Employers” by Forbes Magazine and relocated to the Golf Road Corridor in March 2017. The fourth largest international insurance brokerage and risk management services firm, the business has reinvigorated an area and more than doubled the overall real estate valuation for this area.
- Continued efforts to further improve traffic flow and accessibility will take place in FY 2018 for the Golf Road corporate campus with additional traffic studies and planned upgrades to the Golf/Ring Road intersection.
- Holiday Inn (3405 Algonquin Road) and Holiday Inn Express (3477 Algonquin Road) hotels will embark on a redevelopment program that will convert the existing Holiday Inn to an Aloft Hotel – a brand known for its contemporary architectural design – and a separate senior living facility. The City Council approved an application for a Cook County 7B tax incentive which helps commercial properties become economically feasible.
- 5600 Apollo, LLC purchased the property at 5600 Apollo Drive and plans to demolish the existing building and construct a new 133,700 square foot headquarters to accommodate School Health Corporation. The estimated construction costs are approximately \$10 million which will include demolition, asbestos remediation, construction of a Class A facility, parking lot, stormwater detention and landscaping. School Health is a full-service provider of health supplies and services to health professionals in educational settings from pre-school to college. The company is expected to move all of its 110 to 120 employees and hire 10 additional employees. There may be some sales tax generated but this does not open until 2018.
- At 1921 Algonquin Road (former Bowl House) a Dunkin Donuts/Baskin Robbins is currently being built for this location.
- The vacant Sam’s Club property on Golf Road is a parcel that the City is hopeful for some positive economic development at some point.

Another area which is seeing redevelopment and growth is the Plum Grove Road area (cross streets of Plum Grove Road/Kirchoff Road and Plum Grove Road/Euclid Road) and Industrial Avenue (Industrial/Hicks/Rohlwing) area:

- The Former Pizza Hut building (2101 Plum Grove Road) was renovated and Nic’s Organic Fast Food opened its doors at the end of 2016. In FY 2017, this establishment has done very well and plans to expand to other locations in the northwest suburbs.
- The shopping plazas at the corner of Euclid and Plum Grove Road were renovated in recent years. Both plazas have had interest in new tenants and retail establishments looking to open businesses in FY 2018.



The tables on the next two pages are condensed forms of the financial statements within the CAFR. The City's CAFR contains very detailed information and data. The CAFR should be read in conjunction with this Citizen's Report. Interest users may obtain a complete copy by visiting the City's website at [www.cityrm.org](http://www.cityrm.org). The Citizen's Report is consistent with Generally Accepted Accounting Principles; however it is not intended to act as a complete financial statement and does not include the City's component unit, the Public Library.

The Statement of Net Position and Statement of Activities are divided between governmental and business-type activities to distinguish functions of the City which are principally supported by taxes and intergovernmental revenues (governmental activities) from those functions which are intended to recover all or a significant portion of their costs through user-fees and charges (business-type activities). The governmental activities include general government, public safety, highways and streets, public works, health and welfare and economic development. The business-type activities include utilities and refuse collection.

The Statement of Net Position below presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. *Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.* The City reports restricted net position of \$1,670,010 at December 31, 2017, which is legally restricted for public safety, highways and streets and tax incremental financing district related items. The City's investment in capital assets (net of debt used to purchase such assets) amounts to \$142,847,769 at December 31, 2017. The decrease in unrestricted net position in the current year relates to changes the City's recognized of its net pension liabilities and related deferred items for the Illinois Municipal Retirement Fund (IMRF), the Police Pension Fund, and the Firefighters' Pension Fund.

	<b>City Statement of Net Position</b>		
	<b>2017</b>	<b>2016</b>	<b>2015</b>
Current/Other Assets/Def. Outflows	\$ 58,107,172	48,723,871	61,541,745
Capital Assets	149,737,024	145,433,365	144,020,310
Total Assets/Def. Outflows	<u>207,844,196</u>	<u>194,157,236</u>	<u>205,562,055</u>
Current Liabilities/Def. Inflows	36,340,955	24,824,468	25,634,218
Noncurrent Liabilities	81,556,824	98,295,997	104,959,516
Total Liabilities/Def. Inflows	<u>117,897,779</u>	<u>123,120,465</u>	<u>130,593,734</u>
Net Position			
Net Investment in Capital Assets	142,847,769	135,732,708	131,605,638
Restricted	1,670,010	1,388,890	1,084,594
Unrestricted (Deficit)	<u>(54,571,362)</u>	<u>(66,084,827)</u>	<u>(57,721,911)</u>
Total Net Position	<u>89,946,417</u>	<u>71,036,771</u>	<u>74,968,321</u>

The Statement of Revenues, Expenses and Changes in Net Position below summarizes the reasons behind the change in the City’s net position. Revenues include program revenues (charges for services and grants that directly relate to the provision of certain City services) and general revenues (majority of which are property taxes).

	<b>City Changes in Net Position</b>			<b>% Change From 2015</b>
	<b>2017</b>	<b>2016</b>	<b>2015</b>	
Revenues	\$ 50,570,300	49,425,395	50,023,488	1%
Expenses	31,660,654	53,356,945	52,985,424	-40%
Change in Net Position	18,909,646	(3,931,550)	(2,961,936)	-738%
Net Position - Beginning	71,036,771	74,968,321	77,930,257	-9%
Net Position - Ending	89,946,417	71,036,771	74,968,321	20%



The City is required to perform an audit of its finances each year. Historically, the City has exceeded minimum reporting and disclosure standards by producing a Comprehensive Annual Financial Report (CAFR). *The City's CAFR has been awarded a Certificate of Excellence in Financial Reporting for 31 consecutive years* by the Government Finance Officers Association.

If you have any questions concerning this report or would like to offer any ideas or suggestions for improvement, please feel free to call Melissa Gallagher, Finance Director at 847.870.9041.

City of Rolling Meadows Website

[www.cityrm.org](http://www.cityrm.org)

The City's website contains additional financial information including the Comprehensive Annual Financial Report and the City budget.

The City's website is a great resource for information on all City services and events. Meeting agendas and minutes of City Council meetings can also be found on the City's website.

Finance Department

For more information on financial matters of the City of Rolling Meadows, please call the Finance Department at 847.394.8500

